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STORM WARNINGS ARE UP ON CATTLE

The cattle business has sailed on smooth waters for 2 years, and may do so for a while yet. But a cloud is now to be seen on the horizon—and it could spell trouble.

Prices of cattle have been on a steady uptrend since December 1955, when they hit a postwar low. In that month Good feeder steers could be bought for $16 per 100 pounds. High quality feeder calves were less than $20. Many cows sold for $10 and Choice slaughter steers for $20. Now, feeder steers are priced at $30 and steer calves at $35. Cows bring $20 and slaughter steers $30. This is a substantial increase.

Much of this price advance has been sound. Prices were depressed in 1955 by oversupply and drought. A rise was due. When rains came to the West and range grasses revived, demand for stocker cattle picked up. Consumers' demand for beef also continued to rise. A firm base was laid for price recovery as cattle numbers had meanwhile been cut back.

Even on January 1, 1959, when cattle numbers showed a gain of 3 million to equal their 1956 high, no great danger loomed. As the population has been growing, the cattle inventory was not yet too big. The number of cows on farms—a regulator of productive capacity—remained 2 million below the 1955 high.

Moreover, there has been hope that *this* time the upswing of the cattle cycle—periodic ups and downs in cattle numbers—would be at a reasonable rate, not headlong.

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This has been the hope. It is not dispelled, but neither is it confirmed. Slaughter rates since January 1 are beginning to give cause for concern—to show the telltale signs of a cattle boom.

Slaughter

Commercial slaughter of cattle in January–April was 6 percent below last year. Calf slaughter was down 22 percent. Their combined reduction was 1.2 million head for the 4 months.

Compared with 1956, cattle and calf slaughter in January–April was almost 2½ million less.

Cattle slaughter has been down despite a record volume of cattle feeding. More fed cattle have been marketed to date this year than last. Highly finished cattle, marketing of which cannot be postponed, and cull animals have made up just about all of the slaughter. All other kinds are being held back.

As is typical for the present stage of the cattle cycle, slaughter of cows and calves is down most. Cow slaughter in January–April was 22 percent below 1958 and 34 percent below the same months of 1957.

This low slaughter indicates that herd expansion is speeding up. It is taking on a more speculative character. Cattle are being withheld from market to such extent as to give an excessive boost to prices, starting the familiar speculative spiral. This is pleasant enough while it lasts, but all veteran cattlemen know it inevitably leads to overexpansion and price collapse.

Slaughter to date in 1959 points to an inventory increase of 4 to 5 million head next January. A gain of this size would nearly equal the 6-million head increase in 1951 and 1952, fastest in the last cycle. The inventory next January would be 101 to 102 million—the first January figure to exceed 100 million.

Rapid expansion, once underway, is hard to stop. Present expansion, if continued, could end in inventories and beef output that would create very serious price problems.

With this running start cattle numbers could easily climb to 110 million head in 1964. They might even reach 115 million.

An inventory of 110 million head would provide more beef per consumer than ever before. It would exceed the record 1956 supply rate by 4 or 5 pounds.

At a 115 million head inventory beef supplies would be burdensome indeed, and prices would be seriously depressed.

While the present expansion is building up to a speed that, if it continues, could augur ill for the future, the outlook for the rest of 1959 is fairly favorable. Slaughter of cows will probably continue small, and slaughter of steers and heifers probably won't be large enough to make up the deficit. Prices of fed cattle may be down a bit when marketings are largest. A seasonal decline in grass cattle prices also is possible. But neither drop is expected to be great.

Picture Could Change

The drought that now threatens the Northern Plains and Southwest could put enough cattle on eastern markets to reduce prices a bit. However, only if it should spread and become more acute would the cyclical expansion be entirely halted, and prices turn sharply lower.

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

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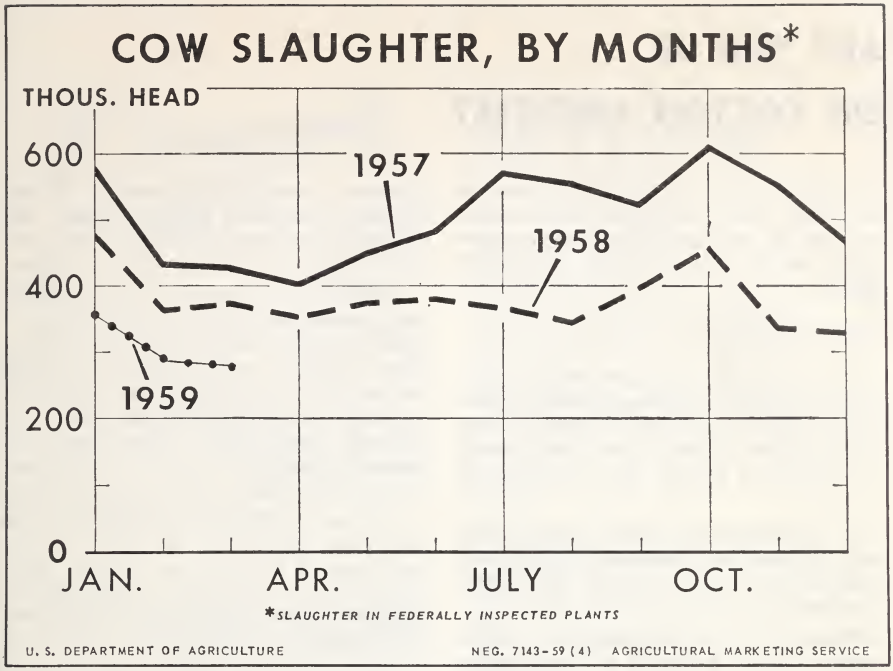


Unless drought appears, prices might even hold up reasonably well in 1960. Not until 1961 would the entire productive level of the cattle herd be built so high as to make lower prices unavoidable. But irrespective of *when* cattle prices break, it is certain that the present rate of expansion, if continued, will lead to a break at some time.

Cattle numbers cannot outrun population growth for long and still avoid trouble. How soon—or how late—the present expansion is brought under control will determine how serious the future trouble will be.

It would seem advisable for cattle producers to carefully review their plans for the future, and to avoid overexpansion—expansion at high cost or high risk. It is too late to expect highly profitable return on new high cost investment. Conservative stocking will henceforth be helpful to both the individual producer and the cattle industry. Reckless stocking could have serious dangers for both.

Harold F. Breimyer
Agricultural Economics Division, AMS

What Makes Farmers' Prices?

If you're interested in what makes the prices you receive for farm products—and we're sure you are—we have just the publication for you.

It's called "What Makes Farmers' Prices." It has been written for farmers and other general readers—not for economists. It's 24 pages long and well-illustrated with charts.

The publication is designed to help farmers, agricultural leaders, consumers, and handlers of farm products understand the economic forces that affect the prices farmers receive.

It describes the factors that influence farmers to produce and consumers to buy, and how they add up in terms of the prices farmers get.

The publication is yours for the asking. Drop us a post card and we'll send you a free copy. Our address is: The Agricultural Situation, AMS, USDA, Washington 25, D.C.

ARE YOU UP ON COTTON REPORTS?

In May 1958, for the first time in nearly 35 years, Congress made major changes in laws relating to cotton reports issued by the Crop Reporting Board.

First Estimate

The Board is now directed to issue reports on the estimated acres of cotton planted, which will be released on July 8, and an estimate of the acres for harvest a month later—August 10 this year.

In addition, restrictions in the basic law relative to a report on farmers' intentions to plant cotton have been removed.

Under the old legislation the initial report was an estimate of the acreage "in cultivation on July 1," with the first estimate of acreage for harvest issued as of September 1.

Every effort is being made to make the transition to the new provisions in an orderly manner.

Planted acreage estimates are already being issued. In the July 1958 cotton report, State and National estimates of both planted acres and acres in cultivation July 1 were released.

Estimates of the planted acreage for the period 1944 through 1957 were published at the time. That procedure gave a direct tie-in with the former series on acreage in cultivation on July 1. The estimates of acreage in cultivation on July 1 have been replaced by the series on planted acres.

Difference

The difference between the estimates of planted acres and acres in cultivation July 1 is, of course, the acres of cotton abandoned or destroyed before July 1.

In most years such abandonment is comparatively small. The 1947–56 average was 2.3 percent. Hence, planted acreage estimates for the United States average about 2.3 percent larger than the former July 1 series.

Estimates of planted acreage will be more serviceable and realistic to farmers, the trade, and Government agencies. In some years there is a question as to whether cotton in some areas is actually in cultivation on July 1 or already abandoned. There is no uncertainty, however, as to whether or not it was planted.

The second step in compliance with the new law will be to move up the estimate of acreage for harvest from September 1 to August 1. By that date farmers have a good idea of the acres that will be harvested.

Having the estimate of actual acres for harvest at the time of the first production forecast is a distinct advantage. Estimated acres for harvest will be published in the cotton report to be issued on August 10, 1959.

Questionnaires

Cotton reporters will note very little, if any, difference in questionnaires. Most changes made recently have tended to shorten the questionnaires.

As for the third change provided by the act of May 29, 1958, revisions in the basic law merely removed the former specific prohibition concerning the issuance of intentions to plant reports on cotton.

There are other restrictions and considerations which make it impossible to say just when such reports will be initiated. However, reports on the prospective acres of cotton are needed, and it is hoped they may be inaugurated before too long.

C. E. Burkhead
J. J. Morgan
Agricultural Estimates Division, AMS

OUTLOOK

Hogs

Expanding production continues to dominate the hog outlook. This spring's increased pig crop indicates hog prices will continue well below a year earlier through next winter. The hog-corn ratio next winter will be rather low and profit margins narrow. Indications so far point to a further increase in next fall's crop.

Milk

Farm production and prices continue near last year's levels. Prices of dairy products at wholesale also are close to a year earlier.

Eggs

Wholesale prices dipped in recent weeks to lowest levels since 1941. A larger, more productive national flock continues to produce at higher rate than last year . . . probably will continue to do so through 1959.

Hatchings of flock replacement chicks are likely to fall under last year during remainder of season as result of price decline. But the cut is coming too late to have much effect on egg production this year.

Broilers

Weekly egg settings for broiler chicks have been below a year earlier since mid-April. Birds from these settings will reach market in late July when demand will be seasonally strong. Consequently, prices are likely to rise.

Soybeans

A heavy domestic crush and record export are likely to leave smaller carryover than had been expected. Shipments abroad are now expected to hit at least 100 million bushels, 15 million more than in 1957–58. About 400 million will be crushed. This would leave stocks of 65 million. While a record, such a carryover would represent less than 2 months' crush at current rates.

Wheat

The seasonal price decline this year is expected to be about normal. Seasonal low for hard red winter prices will be reached in late June or early July. Support continues at 75 percent of parity.

Potatoes

Prices have improved considerably the last month and probably will rise further in the next few weeks. The spring crop is down 13 percent from last year, but storage supplies from last fall's crop are continuing to move in large volume.

Tobacco

Cigarette and cigar output continued to climb in the first quarter of this year . . . the former rising 5½ percent over a year earlier, the latter 9 percent.

Wool

Activity in the wool industry is picking up, in the U.S. and the world. Mill consumption has risen in major consuming countries . . . anticipation of further increases is resulting in restocking. The Soviet bloc has made substantial purchases of wool. Strengthening demand has pushed prices up in U.S. and world markets, even though world wool production in 1958–59 is 4 percent above last season.

SEASONAL VARIATIONS IN VEGETABLE SUPPLIES

Are supplies of fresh vegetables larger in one season than in another? Yes, they are, but the variation is not as great as you might expect.

Supplies of many individual fresh vegetables vary greatly from season to season. But heavy supplies of some vegetables in a particular season tend to offset light supplies of others.

These observations are based on a detailed study of unloads in 20 principal markets during the five years 1953–57.

During the winter months relatively light supplies of tender crops such as asparagus, green beans, sweet corn, squash, cucumbers, green peppers, and tomatoes, combine with relatively heavy supplies of the more hardy items such as broccoli, cabbage, carrots, cauliflower, celery, turnips, and rutabagas, spinach, and other cooking greens. For each of these hardy items a fourth or more of the annual volume is available during the winter season.

About 21 percent of the annual supply of fresh vegetables moves to market in the winter (December–February). Practically all of this winter production is concentrated in the warmest areas of four of the southernmost States—Florida, California, Texas, and Arizona.

Florida

Florida, which accounts for about a third of the total winter tonnage, is by far the most important area for tender vegetables, producing virtually all of the winter-season lima and snap beans, sweet corn, cucumbers, eggplant, and tomatoes. Florida also produces large quantities of cabbage and celery.

California accounts for another third of the total winter tonnage, Texas for almost a fourth, and Arizona for most of the remaining tenth.

The largest seasonal marketings of fresh vegetables are in the spring and summer when weather is warm throughout the country and production is widespread. On the average, marketings of fresh vegetables, excluding melons, in each of those seasons account for 27 to 28 percent of the annual total. Thus, in terms of pounds, a fourth more vegetables are available in both spring and summer than in winter.

Fall

About a fourth of the annual volume of vegetables for fresh market is available in the fall months. Most items are usually in plentiful supply during early fall, but by late fall cooler weather results in curtailed supplies of most tender vegetables.

There is a marked seasonal variation in the marketing of melons. More than 80 percent of the watermelons and about two-thirds of the cantaloups are available during the summer (June–August). A large part of the remaining watermelons move to market in late spring, and most of the remaining cantaloups move in the early fall.

There probably is little variation in the quantity of potatoes moving into consumption channels in the different seasons. Although unloads are heavier in spring and summer than in the other seasons, this probably is due to the heavier movement of seed potatoes.

In contrast to the fairly even flow of potatoes, about 40 percent of the sweetpotatoes are marketed in the fall months, compared with only 10 percent in the summer.

Will M. Simmons
Agricultural Economics Division, AMS

Farmer's Share

The farmer's share of the consumer's food dollar was 39 percent in March, the same as in February. In March 1958 the farmer's share was 42 percent. There's a story on page 13 of this issue on the farmer's share of the dollar consumers spend on cotton goods.

INFLATION AND THE FARMER

At times inflation may push up the prices of farm products and other raw materials more than it raises costs. At such times, farmers benefit, but their gain is shortlived.

We never get inflation in prices of farm products alone. Inflation always spreads throughout the economy. It becomes part of prices of raw materials, wages, industrial goods, and services. This results in rising prices for the things farmers buy. Thus, his expenses for production, marketing, and family living constantly increase in a period of inflation.

The chart shows that farm production expenses increased from $6.2 billion in 1939 to $24.9 billion in 1958. Part of this increase is due to the fact that farmers are now buying larger amounts of fertilizer, pesticides, machinery, and many other items. The bottom part of the chart shows that increases in actual physical purchases account for only about one-quarter of the rise in total farm production expenses. The other three-quarters is due to higher prices.

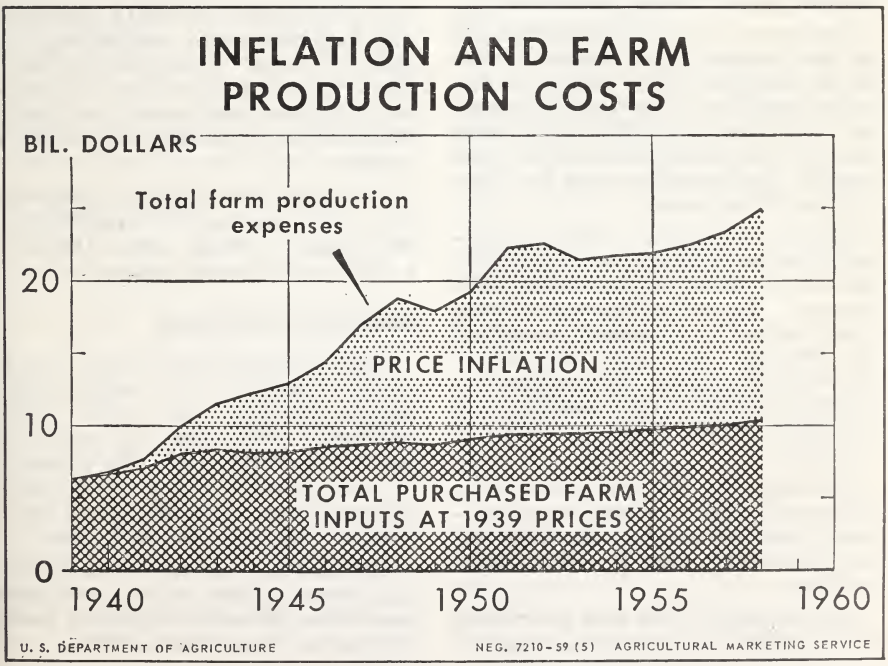
Outlook reports of the Department in recent years have often discussed the "cost-price squeeze." The farmer has been squeezed by rising expenses for production, marketing, and living—all of which are due mainly to inflation.

A farmer who sells his land may make an unearned profit from inflation. While this is a valuable reserve for the farmer ready to retire, it is not a real gain to agriculture, especially if another farmer pays an inflated price.

After each major war, agriculture has suffered because the prices of farm products have dropped while the prices of industrial goods and services have stayed up and even continued to rise. In recent years, creeping inflation has cost farmers an average of $800 million a year through higher production costs.

In the long run, the farmer has much to gain from steady economic progress—and much to lose from further inflation.

Frederick V. Waugh
Agricultural Economics Division, AMS



USDA MEAT GRADING HELPS LIVESTOCK PRODUCERS

In 1927 a number of cattlemen from all over the country traveled to Kansas City. They got together for one reason—to discuss the need for Federal grading of beef.

They thought that if a uniform yardstick of quality was available and meat could be identified by it, the consumer would purchase meat with confidence, and would thus consume more meat. These cattlemen also felt this would indirectly stimulate the production of better livestock.

That year the USDA started grading beef on an experimental basis. The next year beef grading became a voluntary, self-supporting service.

Purpose

The service has expanded since then, but its purpose has remained the same—to reflect consumer preference for meat back through the marketing channel to the livestock producer.

Consumers are much more inclined to buy meat if they can be reasonably sure of its quality. The Federal grade stamp gives that assurance. Consumers' satisfaction with their meat purchases is important in determining the quantity they purchase and the price they are willing to pay.

The Federal grades for meat are designed to be perfectly correlated with the corresponding grades for slaughter livestock. Since the Department uses these standards as a basis for reporting the livestock and meat markets by grades, this permits information on market conditions in the meat trade to be applied directly to the marketing of livestock.

Producers who use these reports can estimate livestock values quite accurately, and the reports help them decide where and when to market their livestock.

The reports are also used extensively in connection with forecasts of market trends and developments. These forecasts help farmers plan their production and marketing. The usefulness of these reports for such purposes would be reduced considerably in the absence of uniform grading—which provides a means for comparisons, regardless of locality or time.

Federal meat grading is primarily aimed at benefiting livestock producers. However, it's apparent that consumers and many others in the trade benefit also.

Packers have found that federally graded meat can be sold anywhere in the country with little risk of dissatisfaction or complaint as to its quality. This has enabled small, independent packers to expand their operations and become a very important factor in the slaughtering industry. This has increased the number of packers competing for livestock, which is, of course, very advantageous to producers.

Grading is done by USDA employees with long experience in appraising the quality of meat. Supervisors are constantly checking to make sure all graders interpret and apply the grade standards as nearly alike as is humanly possible.

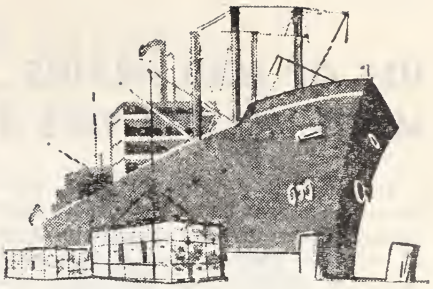
Only meat that has been inspected for wholesomeness is graded. The grade name and the letters USDA in a shield are stamped on meat.

Standards Developed

Grade standards have been developed for beef, calf, veal, lamb, yearling mutton, mutton, and pork. These standards divide the full range of quality into segments. For example, the segments for beef are the grades Prime, Choice, Good, Standard, Commercial, Utility, Cutter, and Canner.

Although no Federal livestock grading service similar to that for meats is available, almost all slaughter cattle are sold in terms of U.S. grades.

GOV'T PROGRAMS HELP FARM EXPORTS



Our exports of agricultural products totaled $3.9 billion in 1958. About 37 percent were shipped under special Government programs—Public Law 480, Mutual Security, Commodity Credit Corporation Credit Sales, and Export-Import Bank programs. In addition, the Commodity Credit Corporation sold commodities to private traders for export at competitive world market prices which were below domestic market prices.

During the last few years, agricultural exports shipped under Public Law 480 have made up the largest proportion of exports moving under special Government programs.

PL 480 and Mutual Security

Title I of Public Law 480 and Section 402 of the Mutual Security Act furnish a mechanism for selling our surplus farm products abroad for foreign currencies. This money is deposited to the account of the U.S. Treasury abroad. It is used for such activities as economic development within the purchasing country, military defense, payment of U.S. expenses abroad, and market development for U.S. farm products.

Exports under these two programs accounted for about 67 percent of Government assisted exports and 25 percent of total agricultural exports in 1958. Title I exports totaled $752 million in 1958, about the same as in the previous year, but 17 percent greater than in 1956. Mutual Security shipments totaled $214 million, almost 34 percent below those in 1957.

Title II of Public Law 480 has given the International Cooperation Administration the job of distributing up to $800 million in commodities from CCC stocks to help friendly nations meet famine relief needs. Shipments totaling $84 million in U.S. farm products were made for this purpose in 1958.

Title III of Public Law 480 provides for CCC donations to private welfare agencies for overseas distribution to needy persons. Foreign donations may be authorized only after domestic requirements have been met. In 1958, the estimated export value of donations of surplus food sent abroad under Title III totaled $159 million. Dairy products, wheat, and wheat flour accounted for over three-fourths of the exports under these programs.

Title III of Public Law 480 also provides for the barter of CCC commodities for strategic materials. Agricultural shipments for barter totaled $65 million during 1958.

Under its credit sales program, the CCC holds off payments by U.S. exporters, for periods up to 36 months, on purchases of commodities in CCC inventory and tobacco under CCC loan. The CCC requires a guarantee of payment, plus interest, from a bank in the United States. Shipments totaling $25 million were financed through the credit sales program in 1958.

Export-Import Bank

To help make our farm products more readily salable abroad, the Export-Import Bank extends loans for periods of 6 months to 1 year to financial institutions abroad or foreign importers obtaining a guarantee from such institutions. In 1958, the Export-Import Bank financed an estimated $137 million in agricultural exports, principally cotton, wheat, and soybeans.

Mary A. Holman
Agricultural Economics Division, AMS

USE OF FEED GRAINS MUCH HEAVIER THIS YEAR

So far this season, livestock producers have been using much more feed grains in their feeding operations than in recent years. During October–March 82 million tons were used domestically, 10 million more than in the same 6 months of 1957–58. In addition, more than 6 million tons were exported, nearly 25 percent more than a year earlier.

This heavy disappearance will put more of a dent in our record feed grain supplies than was anticipated last fall. Nevertheless, carryover is expected to increase by nearly 20 percent. A total of around 70 million tons is in prospect for the beginning of the 1959–60 season, nearly double the 1953–57 average.

Heavy feed consumption this year apparently is largely the result of increased livestock production and liberal feeding per animal. Larger 1958 pig crops, more cattle on feed, and increased poultry production have contributed to the heavier use of feed grains. It is estimated that the combined number of livestock fed in the 1958–59 feeding year will total 172 million grain consuming animal units, 10.5 million more than in 1957–58.

In 1957–58, feed grain consumption was relatively heavy in the last half of the feeding year. Feeding is expected to continue heavy during April–September this year. But it may be only a little above the heavy feeding in these months of 1958. The total tonnage fed in 1958–59 is expected to reach a record high of 151 million tons, 8 percent more than in 1957–58, and 16 percent above the 1953–57 average.

Rate of Feeding

The rate of feeding per animal unit also has been heavy. It now appears likely that the rate in 1958–59 will be about 0.88 ton per animal unit. This exceeds the record 0.86 ton per animal unit reached in 1957–58 and would be 9 percent above the 1953–57 average.

In 1957–58 the high rate of feeding per animal was the result of the generally favorable livestock-feed price ratios and the low quality of the 1957 corn and sorghum crops. Farmers apparently are continuing to feed their livestock liberally during the current feeding year.

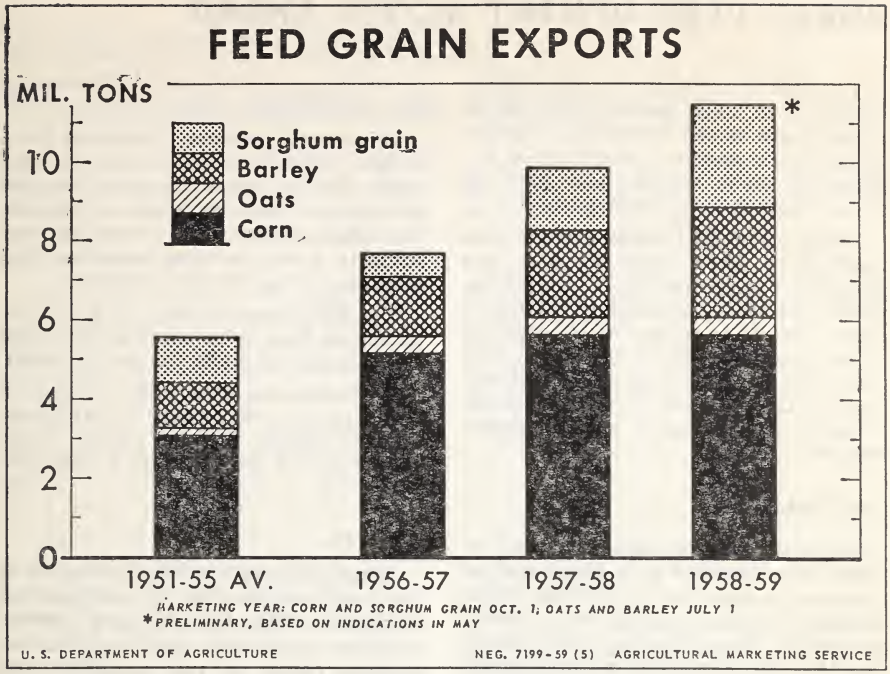
Corn Utilization

During the first 6 months of the 1958–59 marketing year nearly a quarter of a billion bushels more corn were consumed for domestic use and exports than during the same months of 1957–58. Utilization so far during the current marketing year has been at a high level in spite of the much better quality of the 1958 crop. It reflects the sharp increase in production of hogs and other livestock and the liberal feeding of grain to livestock and poultry this year.

The increase in utilization over last year was due in part to the earlier harvesting of the 1958 crop which permitted earlier feeding than in 1957–58. Nearly all of the increase was in domestic use, which was up 244 million bushels in October–March to a total of 2,169 million bushels. Exports totaled 110 million bushels—including grain equivalent of products, about the same as a year earlier.

Disappearance of corn is expected to continue heavy in the last half of the marketing year, probably exceeding the heavy disappearance in April–September 1958. The increase over a year earlier, however, is not expected to be as great as in the first half of the year. High moisture content of the 1957 corn crop apparently contributed to heavy disappearance during April–September 1958.

Domestic disappearance of corn in 1958–59 is expected to total nearly 3.5 billion bushels or around 300 million bushels above the 3,174 million consumed in 1957–58. Exports of corn, including grain equivalent of products,



probably will total around 200 million bushels. This would bring the total disappearance to nearly 3.7 billion bushels, leaving a carryover next October 1 of around 1.6 billion bushels.

Total disappearance of the other feed grains also has been heavier so far during the 1958–59 marketing year than in the same period of 1957–58. For the entire marketing year, domestic use and exports of oats, barley, and sorghum grain are expected to be above those of 1957–58.

Domestic use of sorghum grain has been at a record rate during the first half of the 1958–59 marketing year, up 29 percent from 1957–58. The 52 million bushels exported was three times that of a year earlier. Even so, the carryover next October 1 is expected to increase to around 500 million bushels, nearly 200 million more than on October 1, 1958.

Disappearance of oats for domestic use and exports during 1958–59 will total around 1,375 million bushels, leaving a record carryover of 375 million bushels on July 1.

Domestic use of barley so far this marketing year has been only slightly above a year earlier, while exports have been substantially larger. For the entire marketing year exports are expected to reach a record high of around 115 million bushels. Even with the heavier disappearance, the carryover is expected to increase about a fifth to a record of around 200 million bushels.

Feed grains also are being exported at a record rate. For the entire marketing year, they are expected to reach a new record high of over 11 million tons. Each of the four feed grains has shared in the marked increase during the past 5 years. This year exports of corn and oats are expected to at least equal those of 1957–58 and they may exceed that year's volume. Substantially heavier exports of barley and sorghum grain are in prospect. Total exports of feed grains will be about double the 1951–55 average. Western Europe is our major market for feed grains, taking around two-thirds of the total in 1957–58.

Malcolm Clough
Agricultural Economics Division, AMS

RURAL DEVELOPMENT MOVES AHEAD

The Rural Development Program—designed to help farmers and other rural people whose incomes are too low to obtain an adequate standard of living—has made considerable progress in the short time it's been operating.

Inaugurated in 1955 by Secretary of Agriculture Ezra Taft Benson, the Program has grown into a project including 30 States and Puerto Rico, with work planned or underway in some 200 rural counties. Rural leaders in several other States are using ideas developed in the program to organize town-country improvement in low-income communities.

The Problem

Secretary Benson says rural and resource development type programs are helping the majority of America's farm people who need help the most—the 56 percent of farm families that produce less than 10 percent of marketed farm products. He adds that, "Underemployment, not surpluses and markets, is their big problem."

The principal needs of families on small, low-production farms are opportunities to obtain off-farm work to supplement farm income, adequate resources for those who stay in farming, and educational programs to prepare for a wide variety of jobs in an expanding economy.

Secretary Benson, discussing publicly supported farm programs, says, "More of our resources must be directed toward meeting the special needs of small farms, part-time farmers, aged and disabled farm people, and those with limited land and capital. Let's concentrate our skills and services on helping the neglected majority of the Nation's farm people."

Although planning started on the Program in 1955, actual work in most of the initial "pilot" counties did not get underway until early 1957.

The Program is State directed, and oriented toward local problems. This results in a wide variety of approaches to staffing, research, and administration of the Program.

In general, however, a steering committee of local farm, business, and other leaders takes the reins of the program in rural counties participating. Agency personnel, formed into an advisory group, provide guidance and technical aid on various projects.

The Extension Service and Soil Conservation Service have added personnel to their county staffs for the Program.

In Extension, this has produced a new type of worker called "rural development agents" in some places. They stay with the Program on a full-time basis.

Projects

A hundred and one different kinds of projects are reported in participating counties. Grain elevators and produce packing sheds have been constructed, clothing plants put into operation, and poultry industries established. Other projects have included reforestation, stay-in-school campaigns, industrial site surveys, vocational training for off-farm jobs, and employment assistance—to list a few.

Local groups have provided funds for many of these projects, with the Rural Development Program steering committee usually leading fund-raising.

As Secretary Benson has commented, the Program is designed to help rural communities obtain a better understanding of broad national trends in agriculture which affect them, and promote improved use of their resources.

Joseph Doherty
Office of Information

The heavy export movement of soybeans and edible oils this season is being encouraged by sharply reduced availabilities of copra and coconut oil from the Philippines and Indonesia, short crops of sunflowerseed and cottonseed from Argentina, and smaller exports of Chinese oils and oilseeds to free world countries.

WHERE DOES THE DOLLAR CONSUMERS SPEND ON COTTON GO?

Most of you have probably bought your share of cotton work shirts. Have you ever wondered where the money you spent on those shirts and other cotton goods went?

USDA marketing researchers have come up with the answer based on averages for a group of 25 cotton goods. The group includes clothing and household furnishings.

Researchers say the farmer received 15 cents of every dollar the consumer spent on these products in 1958. The other 85 cents went for marketing.

The farmer's share of the consumer's cotton dollar also averaged 15 cents from 1935 through 1958. His share ranged from about 9 cents in 1938 to 18 cents in 1951.

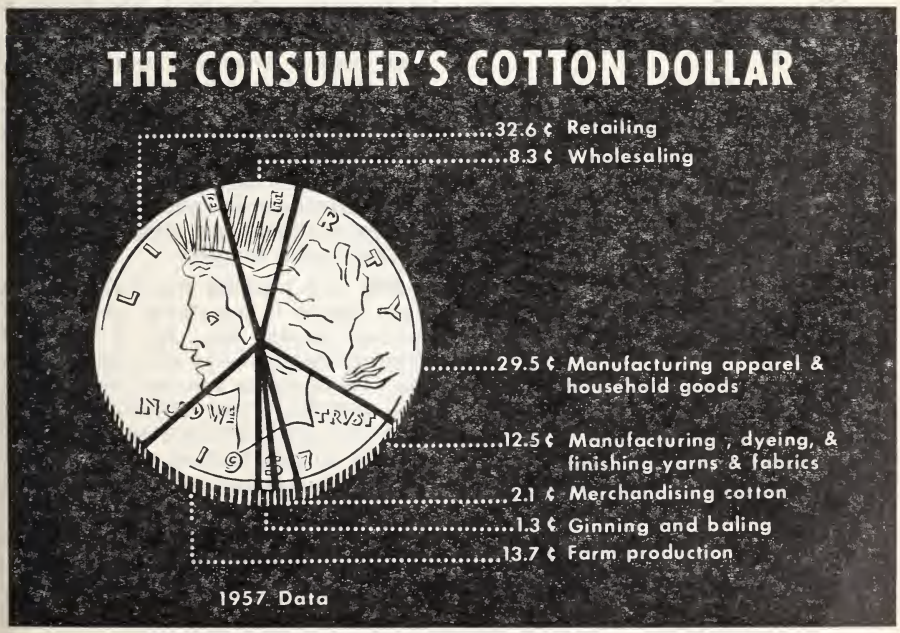
In 1957, farmers received about 14 cents of every dollar consumers spent on the 25 products. Wages and salaries of people who help market cotton took 50 cents. All other marketing costs took 31 cents and profits took about 5 cents of the consumer's dollar.

The farmer's share varies with the product. He received 16 cents of every dollar spent on work shirts from 1952 through 1957. During the same period his share of the consumer's dollar was 34 cents for sheets and 8 cents for business shirts.

Once seed cotton moves from the farm to the gin, a number of operations are involved in turning it into cotton goods and making them available to the consumer. And they all take a share of the money we spend on the goods.

The chart shows you what share of the consumer's cotton dollar these various operations took in 1957.

L. D. Howell
Marketing Research Division, AMS



"Bert" Newell's Letter

One of my good crop reporter friends wrote me the other day about the expression, "lead-pipe cinch," that I used in my letter last month. He said he had picked the expression up years ago when he worked in Montana but had never heard of it in Kentucky where he now lives.

I don't remember where I got the expression. I was raised in Virginia, spent a lot of time in North Carolina, went to college and did county agent work in Maryland. Somewhere in this round of my younger days I picked it up. Actually, I wonder where the expression did come from and why a "lead-pipe cinch" seems more expressive to me than "dead cinch" or just a plain ordinary cinch.

Well, anyway, all I was trying to do last month was to emphasize the importance of this crop and livestock reporting service and let off a little steam. And, like I so often do in this rambling opus I dash off every month, when something pops into my head I'm apt to say it.

A lot of you folks have said some very nice things about this letter and, of course, I really enjoy that. But I'll say honestly, I think I get more fun out of writing it than anything else. I know it's pretty corny and all that, but when things get pretty thick and the red tape gets all snarled up, I sit down, lots of times at home, and blow off to a half million or so folks I count as friends as well as essential helpers, and then I feel better.

Right now I'm all bogged down with a lot of stuff that has kept me from doing some things I want to do and really ought to do. I've had to break dates recently with folks in Nebraska, Wyoming, Colorado, Oklahoma, and Texas, all because of some urgent demands for special reports and special conferences which made it necessary for me to stay here in Washington.

Things seem to be letting up now, though, and maybe I'll get away next week.

What gets me is that a lot of people seem to take us for granted until a decision has to be made that requires special information on crops, or prices, or farm labor, or some of the couple of hundred things on which we supply information. And when that happens, oh boy, everybody has to have the dope—and they want it day before yesterday.

Sometimes I feel like Tommy Atkins in Rudyard Kipling's famous poem. You'll remember Tommy always took a back seat when things were going smoothly. But, it's "Please to walk in front, sir" when there is trouble in the wind.

Now just because it seems to me that things have been a little thick around here recently, and I have had to change my plans several times, I don't want you to get the idea I'm really complaining. Just telling you about it has relieved the pressure. Actually, I wouldn't want it any other way. Certainly all this pressure for information and the ever-increasing demand for more is about the best evidence I know of that we, you and I, are filling a pretty important need.

Of course, everybody wants to feel that their job is important and I don't think I would have any trouble convincing you of the importance of the service you perform if I could do nothing more than just run down the long list of requests for additional reports and services that has come to my desk in just recent months.

Now I'm heading out for the wide open spaces if something else doesn't happen to stop me. If'n I live, and nothing happens—as old Jim used to say—I'll be seeing you next month. In the meantime, just remember, it's a lead-pipe, dead, ordinary, or some other kind of a cinch that we are all providing a necessary and indeed a vital service for the Nation as a whole.

S. R. Newell
Chairman, Crop Reporting Board, AMS

HANDLE YOUR EGGS WITH CARE—AND PROFIT

Two plus two equals four. It's as simple as that. Take care of your eggs and you'll increase your profits.

If you're only selling a case a day, getting a cent more a dozen for better eggs won't make much difference. Or will it? A cent a dozen for a case adds up to 30 cents a day. In a year that's over $100. If you sell two cases a day you'll make over $200 more a year. The more cases you sell the greater the profit.

You might even make more than 1 cent a dozen by handling your eggs better. USDA marketing researchers recently studied a number of egg assembling operations in the Midwest. They found that some farmers could have made as much as 5 cents more a dozen by handling their eggs like some of their neighbors did.

There are other advantages in getting top-grade eggs to your assembler. It costs assemblers less to candle and handle these eggs. High quality eggs can take the extra handling and hauling that poor quality eggs will not stand.

Markets

If your eggs aren't top-grade, it makes it hard for your assembler to provide his steady customers with high quality eggs all the time. He may even have to go out on the open market to buy eggs to fill some orders. Remember—consumers demand high quality eggs.

It is only reasonable to assume that the assembler who is able to buy high quality eggs all year round is in a much better position to get a good market. Since his per dozen handling costs are less for good quality eggs, he may be in a position to pay a premium.

On many farms egg production plays second fiddle to other operations. Because it does, many producers get careless when hot weather comes and when egg prices are low.

What can you do to increase the number of top-grade eggs you send to market?

With a little extra effort you can do it by following these seven proven practices—confine laying flocks; provide clean, dry floor litter; provide clean, dry nesting material; gather eggs frequently; gather eggs in wire baskets; cool eggs before packing, and keep them cool; and maintain proper humidity in storage rooms.

Free Leaflet

These practices are explained in more detail in a popular USDA leaflet. This well-illustrated leaflet was prepared by USDA marketing researchers and researchers in a number of State agricultural colleges.

A copy of the leaflet is yours for the asking. Drop us a post card and we'll send you a free copy. Our address is: Agricultural Situation, AMS, USDA, Washington 25, D.C.

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